

A. The Commission Should Defer to Local Regulations or Local Utility Councils or Organizations With Respect to Notice, and Only Establish Default Notice Requirements Where Existing Regulations or Procedures Have Not Been Adopted.

With regard to the manner of notice, the Commission should defer to state or local regulations or to existing local utility councils or other organizations that have established procedures to coordinate and control the placement, replacement, removal, and relocation of utility facilities within the community. The Commission could establish default procedures, in the absence of existing regulations or procedures, with notice only by first class mail, postage prepaid (or by any other means upon which the parties may mutually agree). Federal courts and agencies (including this Commission, see 47 C.F.R. § 1.47) require only first class mail for service of process unless the time for response is very short. Given the number of distribution poles, ducts, conduits, and rights-of-way in service, the number of notifications will be significant. A requirement for certified mail or other traceable delivery methods would impose a significant financial burden for little corresponding gain.

Because the only parties to benefit from this required notice are the parties with existing attachments, they should bear the cost incurred by the utility in sending notices. To roll such costs into the rate formula would result in payment of some of these notifications costs by carriers which have not and can not benefit from them because their attachments are on facilities which are not modified. Nor can these costs be expected to "even out" in the long run -- some carriers may serve only limited geographic areas, or areas in which additional development is minimal, thus minimizing the need for the facilities owner to make modifications. The only costs which are appropriate for recovery through pole attachment rates rather than direct billing are the overhead

costs (such as the cost of establishing and maintaining a pole attachment database) which make the rendering of any notices possible.

With regard to the timing of notice, for planned modifications, Delmarva would support a Commission rule to establish a reasonable advance notification period (a maximum of 10 days) before a proposed facility modification. The attaching entity's nonresponse within the 10-day notice period should be considered a negative response (i.e., that the carrier does not wish to add to or modify its attachment).

The rule should take into account four exceptional situations. First, emergency modifications must be excepted from the notice requirements. Electric utilities have a state-imposed duty to serve the public, and restoration of service must be made immediately. Second, because Section 224(h) addresses only existing attachments, utilities should be permitted, but not required, to provide notice when constructing new facilities. Depending upon the nature of the service requested by the new utility customer, the utility may be under a very short state-imposed deadline to provide that service, and requiring the utility to wait for telecommunications carriers to respond could place the utility in violation of state law.

Third, minor modifications which occur through routine maintenance actions should be excepted. The notification rule must be reasonably capable of execution, and inclusion of routine maintenance within its scope will render it unworkable.

Finally, as noted above, existing utility pole attachment databases are not entirely accurate. Because of the expense of maintaining and validating such databases and because there was no

legal requirement to do so, some utilities have not had aggressive database development efforts. In many cases, telecommunications carriers have made attachments without notifying the utility that they have done so. For these reasons, the final rule should include a grace period (two years would be appropriate) for validation of pole attachment databases. During that grace period, utilities should not be precluded from modifying a facility without notice if its database shows no attachments to that facility, but when the field crews arrive to effect the modification, they find a cable television or other attachment actually in existence. For the Commission at that point to require work be stopped for ten days will unnecessarily increase utility costs (which would be reflected in higher electricity rates) and place the utility in jeopardy of violating state utility service standards. In order to preclude future database accuracy problems, the final rule should prohibit telecommunications carriers from making any attachments without first obtaining the facility owner's concurrence.

B. "Proportionate Costs" Should Be Determined By Dividing the Make-Ready Costs By the Number of Attaching Entities (Including The Utility) That Elect To Add To Or Modify Their Attachments

The Commission seeks comments on "whether to establish rules to determine the 'proportionate share' of the costs to be borne by each entity, and, if so, how such a determination should be made." NPRM ¶ 225. Given that Section 224 establishes the principle that rates should only be set by the FCC if the parties fail to resolve a dispute over charges,^{36/} the Commission's rule, should it elect to adopt one, should only establish the meaning of "proportionate share" if the parties are unable to agree, because the "make-ready" costs are a type of "charge."

^{36/} See Section 224(e)(1).

With respect to how a proportionate share of make-ready costs should be calculated, the only workable solution is that the make-ready costs be divided equally among the entities (including the utility, if applicable) which elect to add to or modify their attachments. This is consistent with the method that Congress enacted to divide the cost of unusable space on a pole (see Section 224(e)(2)). Any other system would be an accounting nightmare when multiplied by the millions of poles and other facilities in existence. The accounting costs for maintaining a more complex system for determining such costs would ultimately be reflected in increased rents for all entities with attachments because it would significantly increase costs. Keeping the solution simple is in the best interests of telecommunications carriers as well as utilities because the Commission's final rule must be capable of reasonable execution.

C. Make-Ready Proportionate Costs Should Not Be Offset By Potential Revenue Increases To The Owner

The Commission requests comments on whether payment of proportionate share of "make-ready" costs should be offset by potential increases in revenue to the owner due to additional attachments. NPRM ¶ 225.

Delmarva urges the Commission not to adopt such a rule. First, to offset payment of a proportionate share of make-ready costs by potential (rather than actual) revenue increases would be unfair and unjust. Under Section 224(h), an entity with an existing attachment bears no make-ready cost if it does not elect to add to or modify its attachment. The clear intention of Section 224(h) is that the attaching entities which benefit from the facility owner's modification (including the owner) must bear the financial burden of the modification which makes those benefits possible. Offsetting those costs with actual revenue increases would effect a material change in the

compensation scheme mandated by Congress. Offsetting those costs with potential revenue increases would utterly disregard the clearly-expressed intent of Congress by shifting this cost entirely to the facility owner. In addition, the Commission cannot lift (and materially modify) one section of a comprehensive rate regulation scheme enacted by Congress. This scheme as a whole was enacted -- including the very burdensome provisions of Section 224(i) which require a utility to pay for all rearrangements of a carrier's attachments except those which directly benefit the attaching entity. The compensation scheme was the result of the usual legislative give-and-take. Delmarva respectfully submits that the Commission should not attempt to amend the statutory language in the manner suggested by its request for comments.

D. The Commission Should Not Restrict The Facility Owner's Right To Modify Its Facilities

The Commission seeks comment on whether to limit owners from making "unnecessary or unduly burdensome modifications." NPRM ¶ 225. The Commission should not do so.

First, it will be difficult, if not impossible, for the Commission to establish a rule that fairly defines what modifications are "unnecessary or unduly burdensome." What might be unnecessary or unduly burdensome from the standpoint of a cable television operator might be absolutely necessary from the standpoint of the electric utility. The Commission should not wade into this morass. Moreover, the Congress already considered the interests that would be protected by such a limitation. If a utility seeks to modify a facility and the attaching carrier will not benefit from the modification, the attaching entity bears none of the costs associated with the modification. Given the large costs associated with such rearrangements, which can reach millions of dollars, this

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allocation of rearrangement costs will certainly preclude utilities from making any "unnecessary or unduly burdensome" modifications. Further Commission regulation is unnecessary.

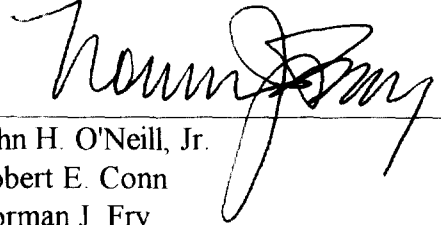
V. CONCLUSION

For the foregoing reasons, the Commission initially should proceed by adjudication rather than by rulemaking in deciding issues relating to nondiscriminatory access to poles, ducts, conduits, and rights-of-way and should take into account the suggestions proposed in these comments.

Respectfully submitted,

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